

This study is on management accounting practices on performance of Nigeria Brewery plc (2009_2019). The total population for the study is 200 staff of Nigeria brewery plc, Enugu state. The researcher used questionnaires as the instrument for the data collection. Descriptive Survey research design was adopted for this study. A total of 133 respondents made HRMS, technical officers, production managers and junior staff were used for the study. The data collected were presented in tables and analyzed using simple percentages and frequencies

CHAPTER ONE

INTRODUCTION

Background of the study

According to Eneje (2005) Accounting is the measurement, processing and communication of financial information about economic entities. It was developed by the Italian mathematician Luca Pacioli, in the end of the 15th century. Accounting, which has been called the “language of business”, measures the results of an organization’s economic activities and conveys this information to a variety of users including investors, creditors, management and regulators. Practitioners of accounting are known as accountants. The terms accounting and financial reporting are often used as synonyms.

Adeniji (2008) opined that Accounting can be divided into several fields including financial accounting, management accounting, auditing, and tax accounting. Financial accounting focuses on the reporting of an organization’s financial information, including the preparation of financial statements, to external users of the information, such as investors, regulators and suppliers; and management accounting focuses on the measurement, analysis and reporting of information for internal use by management. The recording of financial transactions contains the summaries of the financials that is presented in financial reports, is known as book keeping, of which double-entry bookkeeping is the most common system.

According to Batty (2009) Accounting is facilitated by accounting organizations such as standard-setters, accounting firms and professional bodies. Financial statements are usually audited by accounting firms, and are prepared in accordance with generally accepted accounting principles (GAAP). GAAP is set by various standard-setting organizations such as the Financial Accounting Standards Board (FASB) in the United States] and the Financial Reporting Council in the United Kingdom. As of 2012, “all major economies” have plans to converge towards or adopt the International Financial Reporting Standards (IFRS).

Without the application of management accounting practices, no business can succeed in its operations and to attain the set objectives. Moreover, the decision making will not be guided as management accounting practices provide adequate guide to management decision making. The Chartered Institute of Management Accountants (CIMA) defines management accounting as “an integral part of management concerned with identifying, presenting, and interpreting information used for formulating strategy, planning and controlling activities, decision making, optimizing the use of resource disclosure to shareholders and other external entity, disclosure to employees, safeguarding assets.

Adeniji (2008) defines management accounting as “the application of accounting knowledge, practices and skills to the provision of information designed to assist all levels of management in planning and controlling the activities of a business enterprise”. According to Chambers dictionary definition, “management accounting is designed for or adopted to the informational needs of various levels of management. Nweze (2013) defines management accounting as multi-disiplinary in nature and concerns itself with advising management on the functional areas of management, namely, planning, organizing, directing and controlling.

Management accounting, therefore, is primarily concerned with data gathering, analyzing, processing, interpreting and communicating the resulting information for use within the organization so that management can plan more effectively, make

decisions and control operations.

Why is management accounting concerned with the provision of management information? Management accounting practices are concerned with those practices of management accountants which management should adopt to facilitate management decision making. According to Lucey (2010) management accounting practices are methods designed to suit the way goods are processed or manufactured or the way the service is rendered. The techniques to be adopted by an organization depend on the purpose for which the organization is formed. Management accounting techniques are concerned with those techniques as marginal costing, absorption costing, standard costing, actual cost ascertainment, variance accounting, budgetary control, differential costing capital budgeting etc.

In this study, Nigerian Breweries has been chosen as case study. This company was incorporated on 16th November, 1916. In 1990, when the Companies and Allied Matters Act came into force, the name of the company was changed to Nigerian Breweries Plc. With the acquisition of a controlling interest (i.e. 54.10%) in the equity of Nigeria Breweries within the Heineken group, Nigerian Breweries Plc has become a subsidiary of Heineken group. Currently, Nigerian Breweries Plc has five (5) breweries at Lagos, Aba, Kaduna, Ibadan and Enugu. The principal activity of the company is the brewing and marketing of lager beer, stout and non-alcoholic malt drinks. Over the years, Nigerian Breweries Plc has made tremendous success in its operations and has remained one of the most viable and profitable breweries in Nigeria making based on the information provided by management accounting and the various practices adopted.

STATEMENT OF THE PROBLEM

The application of management accounting techniques is aimed at providing information, which should help management to plan and control the resources of the organization in order to achieve the objectives of the organization. To attain a remarkable performance and profit ability, organization face the problems of

ascertaining which products, labor, territories, sales persons, plant division and company segment are contributing the most to the profitability of the organization and how to balance quantitative variables with qualitative variable in arriving at a definite decision in the evaluation of projects.

OBJECTIVE OF THE STUDY

The aim of this research work is to evaluate the application of management accounting practice in manufacturing firms with particular reference to Nigeria Breweries Plc Enugu. The specific objectives of this project work include the following:

To ascertain the extent at which Nigerian manufacturing firms apply management accounting practice in their operations.

To examine the relationship between the application of management accounting practice and the performance of Nigeria brewery plc

To evaluate the relevance of management accounting in the development of Nigerian manufacturing industry.

To identify the problems associated with the application of management accounting practice in Nigeria brewery plc.

1.4 RESEARCH HYPOTHESES

For the successful completion of the study, the following research hypotheses were formulated by the researcher;

H0: there is no relationship between the application of management accounting practices and the performance of Nigeria brewery plc

H1: there is relationship between the application of management accounting practices and the performance of Nigeria brewery plc

H02: there are no problems associated with the application of management accounting practices in Nigeria brewery plc

H2: there are problems associated with the application of management accounting practices in Nigeria brewery plc

1.5 SIGNIFICANCE OF THE STUDY

In this study, the Application of Management Accounting practices will help to ensure that every information is properly scrutinized before being employed into decision making.

This study will be of immense benefit to these groups of persons:

The manager and management of manufacturing firms

The students in accountancy profession and other applied management professions.

iii. Researchers on related study.

Management accountants and financial analysis

1.6 SCOPE AND LIMITATION OF THE STUDY

The scope of the study covers management accounting practices on performance of Nigeria Brewery plc (2009_2019). The researcher encounters some constrain which limited the scope of the study;

a) **AVAILABILITY OF RESEARCH MATERIAL:** The research material available to the researcher is insufficient, thereby limiting the study

b) **TIME:** The time frame allocated to the study does not enhance wider coverage as the researcher has to combine other academic activities and examinations with the study.

1.7 DEFINITION OF TERMS

MANAGEMENT ACCOUNTING: In management accounting or managerial accounting, managers use the provisions of accounting information in order to better inform themselves before they decide matters within their organizations, which aids their management and performance of control functions

PERFORMANCE: Performance is completion of a task with application of knowledge, skills and abilities.

1.8 ORGANIZATION OF THE STUDY

This research work is organized in five chapters, for easy understanding, as follows Chapter one is concern with the introduction, which consist of the (overview, of the study), historical background, statement of problem, objectives of the study, research

hypotheses, significance of the study, scope and limitation of the study, definition of terms and historical background of the study. Chapter two highlights the theoretical framework on which the study is based, thus the review of related literature. Chapter three deals on the research design and methodology adopted in the study. Chapter four concentrate on the data collection and analysis and presentation of finding. Chapter five gives summary, conclusion, and recommendations made of the study

MANAGEMENT ACCOUNTING PRACTICES ON PERFORMANCE OF NIGERIA BREWERY PLC

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